FINANCIAL MANAGEMENT
PERFORMANCE HIGHLIGHTS

DOT's budget is supported primarily by three types of revenue sources: trust funds, direct receipts, and general funds. Trust funds derive from revenue from special fees, such as motor fuel taxes and airline ticket taxes. More than two-thirds of the Department's funding is derived from trust funds and other fees. The two largest trust funds, the Highway Trust Fund and the Airport and Airways Trust Fund, account for most of DOT's funding and support the Department's programs for maintaining and improving transportation infrastructure. General revenue funds are obtained from the general taxes of the United States. Direct receipts are resources from non-Federal entities that are directly available for DOT Programs.

TRANSPORTATION EQUITY ACT FOR THE 21ST CENTURY (TEA-21)

On June 9, 1998, the Transportation Equity Act for the 21st Century (TEA-21) was signed, authorizing highway, highway safety, transit and other surface transportation programs for the next 6 years. TEA-21 builds on the initiatives established in the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). TEA-21 combines the continuation and improvement of current programs with new initiatives to meet the challenges of improving safety as traffic continues to increase at record levels, protecting and enhancing communities and the natural environment while providing transportation, and advancing America's

economic growth and competitiveness domestically and internationally through efficient and flexible transportation.

TEA-21 assures a guaranteed level of Federal funds for surface transportation through FY 2003. Fund levels are keyed to receipts of the Highway Account of the Highway Trust Fund for highway funding and a selected fixed amount for transit funding. Highway-user taxes have been extended through September 30, 2005, at the same rates in effect prior to TEA-21 enactment. These taxes consist of taxes on highway motor fuel and truck related taxes, including an annual tax on heavy vehicle use, a weight-based tax on heavy truck tires, and a retail sales tax on truck and trailer sales. Spending limitations are applied to most programs. However, obligation limitations set aside each year for certain programs (e.g. Woodrow Wilson Memorial Bridge) do not expire if not used by the end of the fiscal year, but can be carried over to future years. Limitations for research and technology programs may be carried over for 3 years.

WENDELL H. FORD AVIATION INVESTMENT AND REFORM ACT FOR THE 21ST CENTURY (AIR-21)

On April 5, 2000, the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21) was signed into law, authorizing aviation programs

of the FAA and elsewhere in DOT through FY 2003. The Act authorizes record amounts of Federal aviation capital and operations funding, enhances safety and consumer protection programs, and provides FAA management reforms that build on personnel and procurement reform legislation previously enacted in recent years.

AIR-21 provides substantial growth in funding for FAA — an increase of 39 percent (or $3.9 billion) by FY 2003 over FY 2000. The growth is in FAA's Airport Grants program (up 79 percent), FAA Facilities and Equipment (up 44 percent), FAA Research, Engineering and Development (up 59 percent by FY 2002, the last year AIR-21 authorizes this account), and FAA Operations (up 23 percent). In terms of budgetary treatment, AIR-21 stipulates that each fiscal year, an amount equal to that year's excise tax revenues and interest into the Airport and Airway Trust Fund, as estimated in the President's Budget, shall be made available for the four major FAA appropriations accounts.

INNOVATIVE FINANCING

DOT builds on opportunities provided by transportation legislation by using innovative financing techniques that move construction projects ahead faster, cut red tape, and supplement Federal funds with private and non-Federal public investment. The Transportation Infrastructure Finance and Innovation Act (TIFIA) of TEA-21 continues this practice. It provides Federal assistance to major transportation projects of critical national importance, or which cross jurisdictions or traditional modal

boundaries and sometimes have trouble getting funding despite their value.

TIFIA's purpose is to fill gaps in market funding or to leverage additional non-Federal resources. It does this through direct Federal loans, loan guarantees, and standby lines of credit. Selection is based on the extent to which a project generates economic benefits, leverages private capital, and promotes innovative technologies. TIFIA's $530 million of contract authority could support up to $10.6 billion of credit assistance for everything from roads and bridges to freight transfer facilities to MagLev systems. To qualify, a project must cost at least $100 million or 50 percent of a State's annual apportionment of Federal-aid funds, whichever is less, must be supported in whole or in part from user charges or other non-Federal dedicated funding sources, and must be included in a State's transportation plan.

Another major initiative that is enhanced in current legislation is State Infrastructure Banks, or SIBs. SIBs use Federal seed capital to leverage private investment through loans and credit enhancement assistance, and are meant to serve as ongoing, revolving loan funds. As projects are implemented, loans are repaid to the SIB and the proceeds are used for new projects in a continuing cycle. Thirty-nine States were authorized to capitalize SIBs using ISTEA funds. TEA-21 established a new SIB pilot program for four more States. These states may continue to capitalize the SIBs using TEA-21 funds. The previous capitalization limit, 10 percent of a State's Federal funds, was lifted, enabling these States to determine the level of funds they need to make their SIBs work. In addition, the kinds

of projects SIBs can support are broader and more intermodal. One of the key aspects of SIBs, both under the ISTEA and TEA-21 pilot programs, is the flexibility the program provides States to direct resources toward locally high priorities, and assist with intermodal projects of regional significance.

DELPHI

DOT is in the process of implementing Delphi, a new commercial-off-the-shelf (COTS) core accounting system. This system will replace the Departmental Accounting and Financial Information System (DAFIS), DOT's aging legacy core accounting system. Delphi has been implemented in FRA, OIG, RSPA, TASC, BTS, STB and OST. The remaining Operating Administrations (OAs) have scheduled implementation during 2002.

As a part of implementing the Delphi system, DOT is adopting a document imaging system that integrates scanned images of financial documents with financial records in Delphi and makes the document images easily and quickly accessible over the Web. Under Delphi's imaging program, financial documents are scanned and stored in electronic files that are fully integrated with the Delphi accounting system and payment process. This integration will significantly accelerate Delphi's transaction processing and enable the Department to maintain records on contracts, payments and vendors more efficiently.

AUDITED FINANCIAL STATEMENTS

The Highway Trust Fund and the Saint Lawrence Seaway Development

Corporation continued to receive unqualified opinions on their FY 2000 financial statements. However, delays and complications in FAA's moving to a new property system resulted in both the DOT Consolidated and the FAA audited financial statements receiving qualified opinions. In an effort to achieve long-term improvements in FAA property management, FAA moved to a new COTS-based property system. Although implementing the new FAA property took longer than planned, it offers great promise for reducing the maintenance burden, linking to Delphi, and improving the accuracy of FAA's records in future years.

DAFIS FINANCIAL STATEMENTS MODULE (FSM 2001)

DOT developed a DAFIS Financial Statements Module (FSM), which automates the preparation of an Adjusted Trial Balance Report with an accompanying Audit Transaction Report. The FSM provides an efficient means of preparing financial statements that ensures the accuracy and integrity of data. Presently, the Department is developing within the DAFIS FSM the capability of generating the Account Groupings Worksheets that are required for CFO verification of summarized FACTS data. This data is used as input to the Governmentwide Financial Statements.

The FSM currently consolidates data from both DAFIS and Delphi, and prepares the Consolidated Financial Statements during the transition to Delphi. The DAFIS FSM will provide the OAs and the Department with an automated system, which produces efficient and accurate data that will

greatly increase the capability of meeting the Government's financial reporting requirements. The system will decrease the time required to produce the statements, which will allow more time for review and audit by the OAs and the OIG. When all OAs are on Delphi, this FSM should no longer be needed.

DO IT YOURSELF (DIY) INTERNET PAYMENT

Harnessing the opportunities provided by the Internet, DOT is integrating the use of Internet applications into financial management business practices. The first of these options involves offering DOT customers the capability to pay for registration, filings, and debts over the Internet with a credit card. DOT collects fees for professional certificates, licenses, penalties, fines, and training courses. Since many of the payments received by DOT involve dollar amounts from $10 to $20,000, these payments are in the range most appropriate for credit card use. By using the Internet for credit card payments, DOT customers gain 24-hour access to DOT and may pay at their convenience. From the DOT perspective, the vulnerabilities associated with paper checks and forms disappear: checks will not be lost; multiple data re-entry can be avoided; DOT data entry errors are eliminated; and forms no longer are misplaced or separated from checks.

The DIY site currently offers customers more than 30 payment services, including certificate registration, insurance, fines/penalties, and various other services. Sites are available to process payments for FAA, USCG, RSPA, MARAD, FRA, FMCSA and

NHTSA. To date, DIY has processed over 26,000 transactions and collected nearly $9 million. DIY is continuing to expand to all DOT payment areas.

WEB-BASED TRAVEL SERVICES

FedTrip is a web-based travel reservation application that enables Federal travelers to make air, hotel and rental car reservations easily and efficiently. Its user-friendly interface, low-fare search capability, ability to adapt to changes in corporate travel policies, and round-the-clock availability provide significant cost savings through automation of the reservation process. Quick and easy to use, FedTrip requires only a personal computer, a common Web browser and Internet access, thus allowing the traveler 24/7/365 access to the system from home, office, hotel room or anywhere in the world as long as they have access to the Internet.

FedTrip is currently being implemented throughout DOT, both at the headquarters-level and in regional/state offices/centers of FHWA and FAA. In addition to DOT, FedTrip has become a Governmentwide system with applications and interest from other Federal departments and agencies. As usage and implementation of FedTrip increases, the Federal Government will incur significant cost savings.

Web-based, paperless travel authorization and vouchering has also arrived. Soon DOT travelers will access a web-based Travel Expense Service (TEServ) that revolutionizes DOT travel processing. The Department has contracted with PriceWaterhouseCoopers and Gelco Information Network for a web-based

Service that processes travel authorizations and vouchers (including electronic approvals), reimburses travelers, and produces management information. This paperless Service features optional value-added electronic receipts management (imaging) and voucher examination.

Anyone with a browser can access the system 24 hours a day, 7 days a week. The system will interface with FedTrip, DAFIS, and Delphi. It is currently being implemented throughout the Department beginning with FAA, the Volpe Center, and MARAD. Using TEServ, DOT travelers can expect fast, convenient, and accurate processing of their travel claims. They will have the latest per diem rates and other information at their fingertips, allowing them to complete a travel claim in a fraction of the time it once took. Reimbursement will be received in travelers' bank accounts in 2 or 3 business days

Fully "Federalized," TEServ complies with the Federal Travel Regulation, Joint Financial Management Improvement Program mandatory requirements, and other Federal rules and regulations, including Department of State and DOD travel regulations. Transaction fees charged to the traveler will cover the cost of the Service.

HUMAN RESOURCES SYSTEMS

The Corporate Human Resources Information System (CHRIS) Modernization effort will provide the FAA with a state-of-the-art automated personnel and payroll support system. This new solution will enable the FAA to hire, train, deploy, retain, and compensate its employees in accordance with new compensation plans and applicable governing rules and documents. It will also continue the agency's efforts to capture cost and performance data by incorporating a system that distributes the cost of labor to projects and activities. Contingent on the availability of funds, by 2005 the new system will provide core functionality based upon COTS product offerings from the Oracle Corporation for the human resource management system and time and attendance system, including labor distribution reporting (LDR).

Once the FAA completes their migration to CHRIS, the remaining OAs within DOT cannot sustain operating costs of the legacy system. The strategy for the rest of DOT is to utilize a similar COTS-based application: leverage software, project planning, and support contracts administered by the FAA. The Enterprise Human Resources Information System (EHRIS) will provide support for time collection, labor cost distribution, payroll processing, management of requests for personnel actions and training, benefits administration, and with management information reporting. The utilization of 21st Century business processes and technology for EHRIS will provide common tools for DOT management to focus on business goals, reduce the administrative burden, and empower managers to make decisions for which they are accountable.